IN THE UNITED STATES DISTRICT COURT, FOR THE DISTRICT OF NEW JERSEY.

IN EQUITY. No. 3056.

Beech-Nut Packing Company,
Plaintiff,

v.

P. Lorillard Company,
Defendant.

OPINION.
(Filed May 7, 1924.)

MESSRS. OFFIELD, BULKLEY, POOLE & SCOTT, solicitors for plaintiff, (WALTER A. SCOTT, ESQ., of counsel). CHARLES C. BULKLEY, ESQ., and JAMES R. OFFIELD, ESQ., and H. MCCLURE JOHNSON, ESQ., on briefs.

MESSRS. TREACY & MILTON, solicitors for defendant, (LIVINGSTON GIFFORD, ESQ., JOHN MILTON, ESQ., RICHARD B. CAVANAGH, ESQ., of counsel). J. GRANVILLE MEYERS, ESQ., and THOMAS L. PRESTON, ESQ., on briefs.

LYNCH, *District Judge.*

The plaintiff, a New York corporation engaged in the manufacturing and selling of food products, complains that the defendant, a New Jersey corporation engaged in the manufacturing and selling of tobacco, has damaged the plaintiff's reputation and good will by wilfully and fraudulently adopting the plaintiff's trade-mark "BEECH-NUT" as a label for tobacco products, for and on account of which the plaintiff prays an accounting for past damages and an injunction enjoining the defendant from further use thereof. The defendant, admitting the use complained of on certain brands of chewing tobacco and cigarettes, asserts a legal right thereto and prays a dismissal of plaintiff's bill. The word "BEECHNUT or "BEECH-NUT" was years ago adopted as a label by the predecessors in business of both parties to this action. A brief history thereof is advisable.

About 1897 the Harry Weissinger Tobacco Company, a Kentucky concern, adopted it for a combination smoking and chewing tobacco which was put up and sold in small packages. The tobacco was described as being of "superior quality Havana cuttings" and was what was and is known as a scrap tobacco. Following is a copy of the label adopted and used by Weissinger (Exhibit No. 17):

It will be noted that the word "BEECHNUT" is spelled without a hyphen; that the form of the label, in which not only the word "BEECHNUT" appears but a description of the contents and the name of the manufacturer as well, is square and that immediately underneath the word "BEECHNUT" is the print of a squirrel. The tobacco so labeled was sold on the market in Kentucky and adjoining states for a number of years subsequent to 1897. The right to make and sell it passed by assignments, stock transfers and otherwise from the Weissinger Tobacco Company first to the Continental Tobacco Company, next to the Luhrmann & Wilbern Tobacco Company, of Middletown, Ohio, and finally to the American Tobacco Company, where it resided when the latter company was dissolved by the United States Supreme Court during the year 1911. From 1897 to 1911 the tobacco continued to be manufactured, sold and dealt in by these various companies. For some years prior to 1911, however, the demand for it was gradually lessening, the output reaching a very low ebb in 1911. The decree dissolving the American Tobacco Company apportioned to the P. Lorillard Company, the defendant, a large number of tobacco trade-marks and brands, including *the word* "BEECHNUT." At that time the sale of "BEECHNUT" tobacco was practically *nil.* Up to that time, however, at least, the word had been continuously used as a trade-mark for smoking and chewing tobacco in substantially, if not precisely, the original form adopted by the Weissinger Company back in 1897, although, as we have indicated, the sales had almost completely fallen off. And up to this time (1911) the right to use the word "BEECHNUT" as a trade-mark in connection with smoking and chewing tobacco does not seem to have been assailed, certainly not by the plaintiff in this suit or by its predecessor in business.

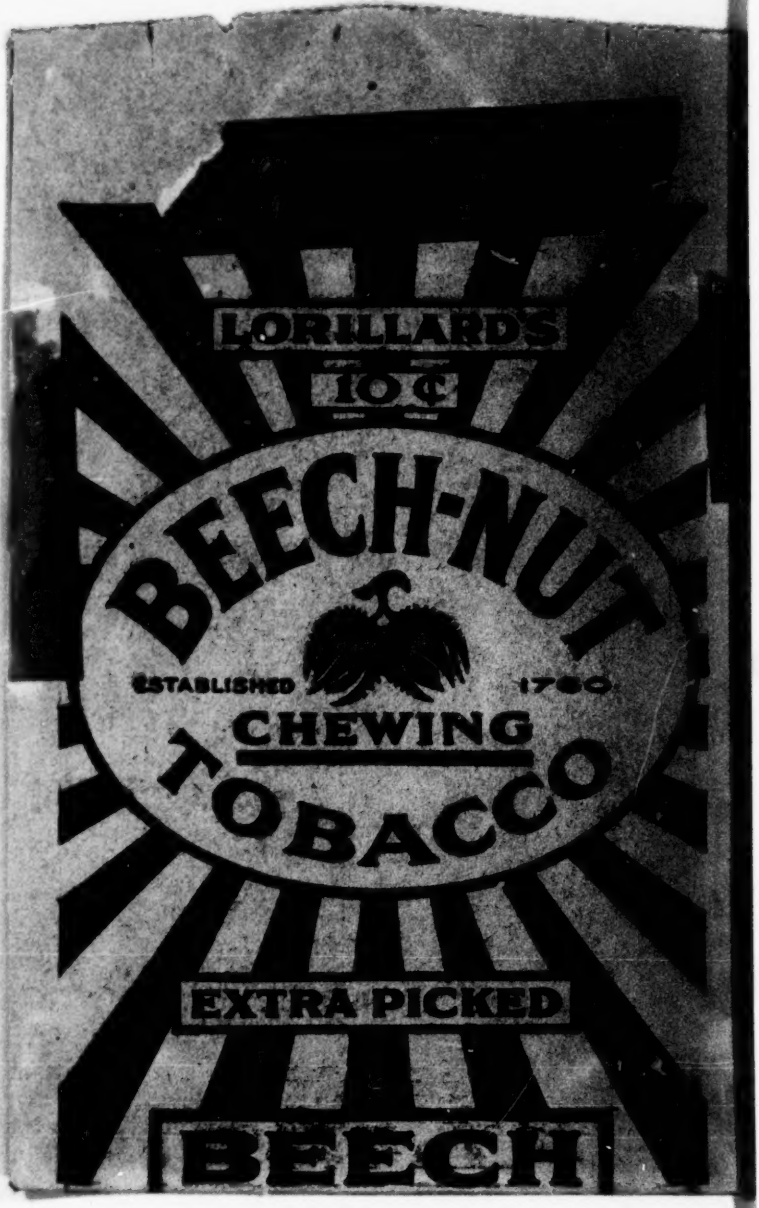
That predecessor was the Imperial Packing Company, which, in 1892, adopted the word "BEECH-NUT" (spelled with a hyphen) as its label for a few food products, such as bacon and ham, which it then manufactured and sold. In about 1899 the Beech-Nut Packing Company was formed, succeeding the Imperial Packing Company. Thereafter the food product business of the plaintiff, growing rapidly, was extended to a variety of products, all relating to food, such as peanut butter, baked beans, chili sauce, tomato catsup, jams, jellies, vinegar, olive oil, ginger ale, mints, chewing gum, etc., in addition to ham and bacon, all of which were labeled "BEECH-NUT" and sold as the product of the Beech-Nut Packing Company. An illustration of the plaintiff's label follows:

It will be observed that this label is oval shaped; that within the oval are three pictures of beechnuts—one in the center and one on each side of the oval. Printed across the top will be found the words "BEECH-NUT BRAND" and across the bottom the name of the particular article which is contained in the package. From the smallest kind of a beginning in 1891 or 1892 the Imperial Packing Company and its successor, the plaintiff, built up a business which in the year 1919 approximated receipts of $12,000,000.

The Lorillard Company had been in the tobacco business for many, many years prior to 1892, utilizing a great variety of trade-marks and labels in the huge tobacco trade which it had succeeded in establishing. The name of brand or trade-mark "BEECHNUT" coming to it in 1911 was not at once utilized in the original Weissinger form or otherwise. Nor were any of the 1000 or more other trade-marks listed on typewritten sheets which the defendant company acquired at the apportionment which we have already referred to. The lists containing all of these names or brands were put aside for future reference.

In 1911 the defendant was manufacturing and distributing such well-known cigarettes as "MURAD," "MOGUL," "EGYPTIAN DEITIES," "HELMAR," "EGYPTIAN TROPHIES" and the well-known tobaccos "CLIMAX" and "SENSATION," besides a large number of other well-known brands. One of these other brands was known as "HONEST." There is testimony on behalf of the defendant company that the sales of this "HONEST" tobacco had, for a long time, been falling off. We think it is common knowledge that tobacco brands come and go. But, be that as it may, the defendant in or about the fall of 1914 conceived the idea of putting upon the market a new scrap chewing tobacco—a new brand. The formula therefor was worked out, the

blend was perfected and a name was considered. The defendant quite naturally consulted its lists of names or trade-marks which a few years prior thereto had come to it from the dissolved American Tobacco Company. Names on that list which had theretofore been identified with scrap tobacco were of course first considered. There were but eight or nine of such names, among which were "BAG PIPE," "PANHANDLE," "METAL LEAF" and "SCRAP IRON." It was discovered that most of these "scrap" names were at the time being used as names for tobaccos then on the market, which fact limited the selection to two or three names. Among the two or three available was "BEECHNUT." So "BEECH-NUT" was selected and adopted. This new scrap tobacco, which was designed for chewing only, was not, however, put out in the old Weissinger "BEECHNUT" wrapper. That old wrapper described "BEECHNUT" as a chewing and smoking tobacco. It had not been manufactured for two or three years and there does not seem to be anything in the case to justify the conclusion that it had been sold during that period of time. It had just about died out, as tobacco brands often do. And as the new "BEECH-NUT" tobacco was of a different character, it was decided by the defendant company to change that old wrapper to one more in accord with the facts and the times. The wrapper decided upon follows:


LORILLARD'S
10¢
BEECH-NUT
ESTABLISHED 1760
CHEWING
TOBACCO
EXTRA PICKED
BEECH

It will be observed that instead of a square label covering almost the entire package the changed wrapper has what has been termed a sunburst or radiating effect, in the center of which is an oval in shape somewhat similar to the oval of the plaintiff. Across the top of the oval inside the word "BEECH-NUT" with a hyphen was placed. Underneath the word "BEECH-NUT" the defendant placed the outline of a beechnut *upside down*. Other words placed by the defendant on its label were "CHEWING," "TOBACCO," "BEECH-NUT LEAF," "FULL WEIGHT," "EXTRA PICK" and across the top was printed "LORILLARD'S." The red band oval of the plaintiff was not adopted. Instead the defendant adopted an oval which was quite similar to ovals which were common at the time. (See the exhibits.)

This new "BEECH-NUT" scrap tobacco, introduced in 1915, within a few years was developed into a business of unbelievable proportions. Selling to the trade at less than the retail price of ten cents per package, its sales in 1919 amounted to $14,000,000 per year to the manufacturer—approximately $2,000,000 over and above the receipts of the plaintiff for its entire output. Many persons inquired concerning it. Some of them wrote to the plaintiff, the Beech-Nut Packing Company, regarding it and the plaintiff for a time turned these letters over to the defendant for attention. Then there developed some correspondence between the parties regarding the use by the defendant of this revised or revamped "BEECH-NUT" label. This correspondence, which contains a history of the case and the attitude of the parties, is important enough to be set out herein. It follows:

"BEECH-NUT PACKING COMPANY
"Canajoharie, N. Y.
"6/11/15

"Lorillard Co.,
"Middletown, O.

"Dear Sirs:

"We adopted many years ago as our trade name the word 'Beech-Nut' arbitrarily selected by us as the mark or name for our manufacturing output of food material. We also associated with such trade name 'BEECH-NUT' and as a part of the trade mark, an oblong or oval frame or border of a red color surrounding and enclosing a white oblong space with a picture or representation of a Beech-Nut centered therein.

"We have built up during the last quarter of a century a vast trade in our products and always with our trade name or trade mark associated therewith. We have expended a very large sum of money in so doing and the word or name 'BEECH-NUT' and our trade mark has become of vast value to us not only for these reasons but for the reason of a high quality and perfection of the various products manufactured by us to which this name and mark has been applied.

"So completely has this name and mark been attached to and associated with our goods during all of these years that the purchasing public has come to recognize this name and mark as our property as to origin and to purchase the manufacture and output to which this name and mark is applied without any further identification as to the origin of the word or name itself, believing that wherever they see our name and mark applied that we are the manufacturers of the product and purchase accordingly.

"We have from time to time added to the variety of our manufacturing commodities to which this name or mark has always been applied, as for example, a chewing gum product of somewhat recent production upon our part. While we have

never as yet manufactured tobacco, the taking on of such manufacture in the future is by no means impossible or improbable. You will also see that the name or word 'BEECH-NUT' is a part of our corporate name. We have been thus particular to state this matter to you by reason of the acts upon your part which now follow.

"We have been shown a lined bag evidently employed for packing 'BEECH-NUT Scrap Tobacco,' apparently manufactured by one of your factories at Middletown, O. A prominent feature upon the bag is our trade name 'BEECH-NUT,' including the oval band and our characteristics burrs and nuts. It is difficult to believe that the presence of our trade name 'Beech-Nut' and mark upon the bag will not deceive the purchasing public in the belief that the contents of the bag are of our manufacture, and to us there is no other explanation to be given to the presence of our trade name 'Beech-Nut' and mark upon this bag except the intention on your part that the public shall be so deceived: and you will sell your tobacco by reason of the presence thereon of our name and mark. In other words, these acts strongly indicate to us intentional unfair trading.

"We have decided in the first instance to write you fully as to this matter and present to you our view of your acts and to request to you immediately to cease this use of our name and mark and give us written assurance of the same.

"We have confidence that now your attention is called to it you will recognize the justice of our position and that there will hereafter be no necessity of using any harsher course to enforce recognition of the same. We have been thus particular also for the reason that there can be no contention hereafter that we have not fully stated your position and ours in this matter. An early reply upon your part is requested and expected.

"Yours very truly,

"BEECH-NUT PACKING CO.,
"F. E. Barbour."

"BEECH-NUT PACKING COMPANY
"Canajoharie, N. Y.
"6/18/15

"P. Lorillard Co.,
"Middletown, O.

"Dear Sirs:

"Will you kindly advise if we may expect an early reply to our recent communication with reference to the use of the word 'Beech-Nut' in connection with your new brand of chewing tobacco?

"Yours very truly,
"BEECH-NUT PACKING CO.,
"F. E. Barbour."

"June 23, 1915.

"Beech-Nut Packing Company,
"Canajoharie, N. Y.

"Dear Sir:

"Your letters of June 11th and June 18th addressed to this company at Middletown, Ohio, relative to the use by us of the name 'Beech-Nut' for Scrap Tobacco, have been referred to me.

"Preliminary to any discussion of the matter, will you be good enough to let me know when you first began to use the name 'Beech-Nut'? I notice on your letterhead, 'Incorporated 1899,' but this of course does not necessarily mean that you began to put products on the market under the name 'Beech-Nut' at that time.

"The statement in your letter of June 11th, that you believe we are using the name 'Beech-Nut' with the intention that the public shall be deceived into thinking that our product is of your manufacture, is not only without the slightest warrant, but is little short of ridiculous. As a matter of fact, if such an impression should be formed, it would be to our detriment.

"Yours very truly,

"TSF/L"

"BEECH-NUT PACKING COMPANY
"Canajoharie, N. Y.
"7/2/15

"P. Lorillard Co.,
"119 West 40th St.,
"New York.
"Mr. Thomas S. Fuller.

"Dear Sirs:

"Your favor of the 23rd ult. duly received.

"Our 'BEECH-NUT' trade mark and trade name has been used by ourselves and our predecessors since and prior to the year 1891. Both our trade mark and our trade name 'BEECH-NUT' has been used continuously since that date in our business and to such an extent and in such manner that both the name and the mark long since came to have a 'secondary significance and meaning'; that is, wherever the mark and name 'BEECH-NUT' is seen and no matter with what product it is associated with, it has a 'secondary significance' and means only the product and products of the Beech-Nut Packing Company.

"You are woefuly mistaken and entirely misinformed in your assumption and, indeed, your statement that the public is not deceived by your clients use of our trade mark and name 'BEECH-NUT.' We know as an absolute truth what is apparent on the face of the facts that the general purchasing public is deceived by your use of our 'Beech-Nut' trade mark and trade name and, indeed, this could not well be otherwise, but we know further that your salesmen and agents deliberately push your goods and trade under this identity of use of their mark and name.

"We beg to call your attention in this connection to our former communication to you in this matter and to again urgently request that you immediately stop the use in every way and manner of our trade name and mark 'BEECH-NUT,' in your business without further action upon our part.

"Yours very truly,
"BEECH-NUT PACKING CO.,
"F. E. Barbour."

"Beech-Nut Packing Company,
"Canajoharie, New York.
"(Attention F. E. Barbour, Esq.)

"Gentlemen:

"We have your letter of July 2d, further with reference to our use of the name 'Beech-Nut' on scrap tobacco, and informing us that you and your predecessors have used the name since and prior to the year 1891.

"That the name 'Beech-Nut' has acquired a secondary significance and meaning in the packing industry and is associated in the public mind with goods of your manufacture may be perfectly true, but this would not give you the right to the name for all purposes. The authorities are overwhelming on the subject. You seem to proceed upon the assumption that we have recently begun to use the name on the tobacco. This is not the case. This Company and its predecessors in ownership of this brand have used it continuously since prior to the year 1898, as shown by records in my office. I have not made a search beyond that time, but I have no doubt that I can find that the brand is very much older.

"We would not desire to have it thought that our 'Beech-Nut' tobacco is made by your Company, and if you can give us the name of any salesman of ours who has made such a representation, we would be very glad to have it, and we can assure you that if he did make such a representation, his discharge will immediately follow. It could be of no conceivable advantage to us to have the public think that our tobacco product was manufactured by a packing establishment. Our concern has been in business for more than one hundred and fifty years, and in that length of time has built an enviable reputation for the excellence of its tobacco products.

"Though you may turn out an excellent quality of bacon, it does not follow that you could turn out an excellent quality of tobacco, or steel rails, or pianos or aeroplanes. If your conten-

tion were true, we, who have a brand of tobacco called 'Climax,' could enjoin the use of the name on a well-known threshing machine which is sold in the Western States, or we could enjoin the use of our name on the Lorillard Refrigerators. It has never occurred to us to attempt either.

"If you will look at our package of Beech-Nut Tobacco, you will see that the name 'Lorillard' is prominently displayed thereon. This was done with the desire that people should know the tobacco is coming from the Lorillard Company. It has been our belief that the fact that Lorillard made it would of itself be of value to the brand.

"It is difficult to see how you can seriously claim that there is the slightest similarity in the marking of the package and the fac-simile of your mark as displayed on your letterhead.

"If you desire me to point out to you authorities which I consider completely sustain my view as expressed herein, I will take pleasure in doing so.

"**Yours very truly**

"TSF/L"

"BEECH-NUT PACKING COMPANY

"Canajoharie, N. Y.

"7/26/15.

"P. Lorillard Co.,
"119 West 40th St.,
"New York.
"Thomas S. Fuller.

"Dear Sirs:

"Please pardon the delay in acknowledging receipt of your favor of July 8th.

"We will greatly appreciate it if you will send us samples of your product showing the manner of use of the word 'BEECH-NUT' since the year 1898, copies of advertisements or of letter-heads showing your use of this name. We trust you will consider this a fair request as we would like

to reach a prompt and friendly termination of the correspondence on this subject.

"We also desire to take advantage of the offer contained in the last paragraph of your letter to point out to us the authorities which sustain your views.

"Thanking you in advance for the information requested herein, we remain,

"Yours very truly,

"BEECH-NUT PACKING CO.,

"F. E. Barbour."

"BEECH-NUT PACKING COMPANY

"Canajohorie, N. Y.

"9/2/15.

"Mr. Thos. S. Fuller,
"119 W. 40th St.,
"New York.

"Dear Sir:

"Kindly refer to your favor of July 29th in which you advised that you would collect the information requested in our letter of July 26th after your return from a week's absence. Up to the present we do not seem to have heard from you and will greatly appreciate the information requested.

"In this connection, we received today an inquiry from New River Gro. Co., Hinton, W. Va., asking the best jobbing price on Beech-Nut scrap tobacco, from which you will note that in the minds of some, at least Beech-Nut scrap tobacco is credited to the Beech-Nut Packing Co.

"Thanking you to favor us at your early convenience, we remain,

"Yours very truly,

"BEECH-NUT PACKING CO.,

"F. E. Barbour."

"September 15, 1915.

"F. E. BARBOUR, ESQ.,
"BEECH-NUT PACKING COMPANY,
"Canajoharie, N. Y.

"Dear Sir:

"I have been able to locate some old price lists which contain our Beech-Nut Scrap Tobacco and enclose them herein. I am also sending you an old package showing the use of the name 'Beech-Nut' and our present package.

"Beech-Nut chewing and smoking tobacco (scrap) was made by Harry Weissinger Tobacco Company, of Louisville, Kentucky. This Company was bought out by The American Tobacco Company some time in 1903. Prior to the acquisition of the Weissinger Tobacco Company by the American Tobacco Company the Luhrman & Wilbern Tobacco Company of Middletown, Ohio, was acquired by the Continental Tobacco Company. In 1904 the American Tobacco Company and the Continental Tobacco Company were merged into a new company formed for that purpose and known as The American Tobacco Company.

"Under a decree of the Circuit Court of the United States for the Southern District of New York, the so-called Tobacco Combination, which included The American Tobacco Company, was split up. In this disintegration proceeding the Luhrman & Wilbern Tobacco Company, which had always been maintained as a separate entity, was acquired by P. Lorillard Company. In the meantime some of the brands formerly manufactured by the Weissinger Tobacco Company had been taken over and manufactured in the Luhrman & Wilbern factory in Middletown, and after the acquisition by our Company of the Luhrman & Wilbern business, including these brands, we continued to operate it as a separate Company until about two years ago, when we dissolved it, taking over all of the business and brands directly in our own name.

"I give you this history so that you may understand the various price lists in the name of Luhrman & Wilbern Tobacco Company and the package in the name of Harry Weissinger Tobacco Company. I do not know the exact date of the old package, as the stamp is not legible, but it was prior to 1903.

"The price lists that I send you are dated January 2, 1904; May 6, 1907; July 1, 1910, and November 3, 1910.

"It is difficult for me to see how anyone can claim that there is any similarity in our products and yours, or in your label and ours, other than the name 'Beech-Nut.' Your claim that we would not have the right to use the name 'Beech-Nut' on tobacco products must find its basis in the idea that you can appropriate the name 'Beech-Nut' for all products of whatever character.

"That the law does not permit of such a claim is elementary. If your claim were maintainable, then the Lion Brewery in New York could enjoin the manufacture of Lion brand collars, or vice versa. Suppose that the J. B. Williams Company should tomorrow put out a new brand of shaving soap called 'Beech-Nut.' Do you argue that you could stop it because you have first used the name on ham and bacon? It seems to me that your argument must lead to this conclusion. The law of unfair competition, so far as it assumes to protect the public, assumes to protect the purchaser of average intelligence. It is difficult to believe that a person of average intelligence who enters a store for the purpose of buying 'Beech-Nut' hams or bacon could be deceived into thinking he was getting either if he were handed a package of 'Beech-Nut' chewing tobacco, or that the 'Beech-Nut' chewing tobacco was manufactured by the manufacturer of the hams and bacon. It is no more the custom in this country for a packer to manufacture chewing tobacco than it is for a manufacturer of beer to manufacture collars, and the purchaser of average intelligence perfectly well knows this.

"We have tried to make it evident on our package that our 'Beech-Nut' chewing tobacco is of our manufacture, by stamping across the top of the package, before the name, 'Beech-Nut' 'Lorillard's'. We have also on the other side of the package, plainly printed that it is manufactured at Middletown, Ohio. There is nothing in the get-up of the label, whether in design, color or wording, which could suggest to a person of average intelligence that it was of your manufacture, or in fact the manufacture of anyone except the Lorillard Company.

"As I have written you before, we consider it of immense value to the brand itself that it is manufactured by the Lorillard Company, and we desire the consumers of tobacco to know this, because we believe that the Lorillard name carries with it a vast amount of good-will and a guarantee of excellence. We are justified in this belief by reason of the immense increase in the sales of 'Beech-Nut' Scrap since we took the former manufacturer's name off and put 'Lorillard's' thereon.

"I think this covers the situation except with respect to any representations which you claim that some of our salesmen made, to the effect that our 'Beech-Nut' Scrap was a product of your Company. I have written you before that if you will give me the name of any salesman who has made such representation, and that fact can be determined, his discharge will be immediately forthcoming, as he can be of no service to us. If you will point out to me anything in the conduct of our business which tends to create a belief in the trade that our 'Beech-Nut' Scrap is made by you, we will thank you, so that we may rectify it. I assure you that we are just as anxious as you are, if not more so, to prevent any impression that our tobacco is made by you. Will you

let me have a copy of the letter you received from the merchant in West Virginia making inquiry of you for 'Beech-Nut' tobacco?

"On this general subject, if you have not already done so, you might consult Nims on Unfair Business Competition, pages 200 to 300; therein I think you will find a very complete and satisfactory discussion of the law governing this subject. I will quote you paragraph 117 on page 236:

> " 'Property in a place name for all purposes cannot exist in one person, under ordinary circumstances. The defendant must be using it in the same or a similar business as the plaintiff. Large amounts of rubber as well as licorice might be found in Anatolia. If there were, the rights which the complainant has acquired in the use of the name in the licorice business, would not prevent another under certain conditions from acquiring a sole right to use the name in the rubber trade.'

"There is no distinction so far as the principle here laid down is concerned between a place name, a generic name, or a fanciful name. You might also consult the cases of Bordens Ice Cream Company against Bordens Condensed Milk Company, 201 Fed. 510, and Wells v. Ceylon Perfume Company, 105 Fed. 621.

"I apologize for the length of this letter. I desire to give you the facts fully, together with our views, and I sincerely hope that this will satisfy you as to the law and our entire good faith. We are as proud of our good-will and the excellence of our products in the tobacco business as you are of yours in the packing industry, and we believe with good reason.

"Yours very truly,

"(Sgd.) THOS. S. FULLER."

"BEECH-NUT PACKING COMPANY
"*Canajoharie, N. Y.*

"9/20/15.

"Mr. Thos. S. Fuller,
"119 West 40th St.,
"New York.

"Dear Sir:

"We have your very interesting letter of Sept. 15th together with the price lists referred to and the package of tobacco.

"Your letter is a very interesting one and before giving a definite reply to same, desire to review the matter as presented by you so that we can give you an intelligent reply.

"At this time, however, we may express our agreement with you that the name Lorillard carries with it a vast amount of good will and unquestionably a guarantee of excellence. So does the name 'Beech-Nut Packing Co.' and we take the view that the increase in sales of Beech-Nut Scrap Tobacco is due to the exploitation of the name 'Beech-Nut' with the oval label, and we cannot help but assume that the general impression is that these goods are manufactured by this Company rather than by Lorillard, at least to a considerable degree, for since writing you last we have another inquiry, and this time from Wm. Edwards Co., of Cleveland, O., asking us to ship them five cases of Beech-Nut scrap tobacco. The previous inquiry came from New River Gro. Co., Hinton, W. Va.

"Yours very truly,

"BEECH-NUT PACKING CO.
"F. E. Barbour."

After this correspondence terminated in 1915 no action of any character was taken by the plaintiff as against the defendant. For four years thereafter there was inactivity on the part of the plaintiff during all of which time the defendant continued to deal in this

"BEECH-NUT" scrap chewing tobacco on a very large scale.

In 1919 the Lorillard Company planned to put on the market a "BEECH-NUT" cigarette and again there ensued some correspondence between the parties relative to this. (See correspondence, Record, p. 15, etc.) Negotiations between the parties relative to the right of the defendant to use "BEECH-NUT" as a label for cigarettes terminated without result. Thereafter the Beech-Nut Packing Company decided to apply for registration of "BEECH-NUT" for cigarettes, which application was published in the Patent Office Gazette and the Lorillard Company, upon learning of it, filed a notice of opposition in the Patent Office, where a hearing was had. The proceedings, a copy of which is by stipulation a part of this case, resulted in the denial of the plaintiff's application from which the plaintiff did not appeal.

In May, 1921, the plaintiff instituted its present cause of action, alleging that the defendant has injured its business good will—has appropriated the good will of the plaintiff to its own uses.

One of the defenses interposed is that of estoppel, the following extract from the opinion of Judge Mayer in the case of Valvoline Oil Co. v. Havoline Oil Co., 211 Fed. 189, being called to our attention:

> "It cannot be equitable for a well-informed merchant with a knowledge of a claimed invasion of right to wait to see how successful his competitor will be and then destroy, with the aid of a court decree, much that the competitor has striven for and accomplished, especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatable question."

To the point of estoppel the plaintiff replies that the testimony taken in the Patent Office proceedings

first revealed to it that the defendant had abandoned the "BEECHNUT" label or trade-mark which was acquired in 1911; that it, from 1915 on, relied on the representation of the defendant as to facts which were peculiarly within the knowledge of the defendant and inaccessible to it, which upon their face (as furnished by the defendant) gave the defendant the indefeasible right to go on with the "BEECH-NUT" scrap tobacco; that the Patent Office proceedings disclosed that there was no continuous use of "BEECH-NUT" as a label for tobacco as the defendant had stated to it in 1915 but that the label "BEECHNUT" so allotted in 1911 had been abandoned and that some years thereafter a new trade-mark containing the word "BEECH-NUT" was adopted —the facts showing that there was a clear intention on the part of the defendant to abandon the old "BEECHNUT" label and to substitute for it one similar to that used by the plaintiff.

Did the defendant abandon "BEECHNUT" as a label for tobacco by permitting the word to lie dormant for three or four years and then reviving it in the manner which has already been described?

In considering this question it should be constantly kept in mind that the right to use a word for trade-mark purposes is usually, if not always, confined to "merchandise of the same descriptive properties." The limitation of the scope of trade-marks "to merchandise of the same descriptive properties" (Sec. 5 [b] Trade Mark Act, February 20, 1905) was adopted in the statute as an expression of the scope designated in the decisions of the Court under the common law (Hanover Star Milling Co. v. Metcalf, 240 U. S. 403, 412-14), and the classification of the Patent Office by which "tobacco products" were placed in Class 17 by themselves, is an expression of legal scope by an authority which raises a presumption. Likewise, the placing of "foods and in-

gredients of foods" in a class by themselves, No. 46, raises a presumption that the scope of trade-marks adopted for foods and ingredients of foods is not to extend over other classes. If any cases are to be found which seem to depart from this rule, examination will show either that they involved facts showing actual fraud or bad faith or the equivalent thereof (Peninsular Chem. Co. v. Levinson, 247 Fed. 658), or that the two articles of merchandise are habitually used in conjunction, as was the case of the flour and syrup in Aunt Jemima Co. v. Rigney Co., 247 Fed. 407, C. C. A. 2, of steam apparatus and steam traps to be used therewith in Simplex v. Gold, 43 App. D. C. 281, of electric lamps and incandescent mantles in Anglo Co. v. General Co., 43 App. D. C. 385, and of automobile tires and automobiles in Akron-Overland Tire Co. v. Willys-Overland Co., 273 Fed. 674.

In Peninsular Chemical Co. v. Levinson (C. C. A., 6th Cir.), 247 Fed. 658, the Court held as stated in the first point of the syllabus:

> "Where the certificate of registration of a trade-mark recited that it was used for chemicals, medicines and pharmaceutical preparations, the trade-mark did not include cigars, for they cannot be said to be of the same descriptive properties as the specified articles, even though they are usually sold at drug stores."

As we shall see, the fundamental doctrine in this country, as declared by the Supreme Court of the United States in the Hanover Star Milling Company cases (240 U. S. 403, 412-414) and reiterated by that court in the Rectanus case (248 U. S. 90, 97), is that there is no such thing as property in a trade-mark except as a right appurtenant to the established business or trade in connection with which the mark has been applied so that a trader has no property in the

mark *per se* but only in reference to his trade, and cannot prevent another trade from applying this mark to goods which are not of the same description.

Indeed the books are full of cases illustrating and applying the well-settled doctrine that in this country the same mark may be used by different concerns for different articles, notwithstanding these articles are packaged and sold in the same stores.

Examples are:

Candy and breakfast foods (Paul F. Baich Co. v. Kellogg Co., 49 App. D. C. 186, 262 Fed. 640).

Milk and ice cream (Borden Ice Cream Co. v. Borden's Condensed Milk Co., C. C. A. 7th, 201 Fed. 510; Borden's Condensed Milk Co. v. Eagle Mfg. Co., 47 App. D. C. 191).

Cereals and macaroni (Quaker Oats Co. v. Mothers Macaroni Co., 41 App. D. C. 254).

Cheese and butter (Lawrence v. Sharpless, 203 Fed. 762, affirmed C. C. A., 3d, 208 Fed. 886).

Fountain pens and hair brushes (National Picture Theatres v. Foundation Film Corporation, C. C. A., 2d, 266 Fed. at p. 211, note).

Soap and hair tonic, hair dye, perfumery and dentrifice (Barclay v. Casell Barrie, 5 T. M. Rep. 86).

These cases are but an application of the broader doctrine that in this country there is no such thing as a universal trade-mark which would be the practical result of adopting the position taken by plaintiff's counsel. For under modern conditions for purposes of sanitation, convenience and attractiveness to the consumer, all sorts of commodities are packaged and sold in the same stores, even over the same counters, regardless of their inherent qualities or conjoint use, as for instance, handkerchiefs and hairpins, pens and playing cards, razors and rubber goods, candy and candles, soap and soup, tomatoes and tobacco.

Many instances of the use by one concern of a word as a trade-mark for tobacco and the use by a different concern of the same word as a trade-mark for products of a different character have been called to our attention.

There are "MOGUL" cigarettes and there are "MOGUL" food products, such as evaporated milk, tapioca, sugar, red pepper, almond flavor and peppermint.

There are "CAMEL" cigarettes and there are "CAMEL" food products, such as canned corn, tomato catsup, rolled oats, oysters, ginger and sweet pickles.

There are "OMAR" cigarettes and there are "OMAR" food products, such as vanilla, plums, waxed beans, sauer kraut and coffee.

There is "STAR" tobacco and there are "STAR" soap and washing fluid.

There are "SUNSHINE" cigarettes and there are "SUNSHINE" biscuits.

There are "POLO" cigarettes and there are "POLO" canned goods.

There is "CLIMAX" tobacco and there are "CLIMAX" chocolate dates.

There is "APPLE" tobacco and there is "APPLE" chewing gum.

It will thus be observed that the distinction between tobacco and food products has for a long time been quite generally recognized.

Next we shall refer to the law of "abandonment."

In Baglin v. Cusenier Co., 221 U. S., at pages 597-8, the Court said:

> "But the loss of the right of property in trade-marks upon the ground of abandonment is not to be viewed as a penalty either for non-user or for the creation and use of new devices. There must be found an *intent* to abandon, or the property is not lost;"

In Saxlehner v. Eisner, 179 U. S. 31, the Court says:

> "To establish the defence of abandonment it is necessary to show not only acts indicating a practical abandonment, but an actual intent to abandon. Acts which unexplained would be sufficient to establish an abandonment may be answered by showing that there never was an intention to give up and relinquish the right claimed."

In Brown on Trade Marks, Sec. 681, it is said:

> "A person may temporarily lay aside his mark and resume it without having in the meantime lost his property in the right of user. Abandonment, being in the nature of a forfeiture, must be strictly proved. . . . A defence of abandonment is abhorrent even in an action at law and the assertion of title on the ground of abandonment by the prior owner must be established by the strongest proof. Mere lapse of time does not *per se* warrant the conclusion of abandonment. The circumstances of the case, other than mere lapse of time, almost always give complexion to the delay and either excuse or give it a conclusive effect."

And in Hopkins on Trade Marks, (3rd) p. 213, appears the following:

> "The length of time during which a trade mark is not used is, as we have seen, merely a circumstance to be considered with all the other facts in the case in determining whether there was an intention to abandon its use. Thus, defendants have been restrained from using a mark that has lain in disuse for periods of one year, three years, four years, nine years, ten years, and even twenty years. The vital question is the intention of the owner of the mark and the burden of establishing abandonment lies upon the party who affirms it."

In a comparatively recent case of Wallace & Co., v. Repetti, 266 Fed. 307, the Circuit Court of Appeals

for the Second Circuit, speaking through Judge Manton, said:

> "In order that an abandonment may be established as a defense, it is essential to show, not only acts indicating practical abandonment, but an intent to abandon. Thus, where the appearances may be sufficient to indicate an abandonment, this may be satisfactorily explained by showing a want of intention to relinquish the right claimed. Saxlehner v. Eisner & Mendelson Co., 179 U. S. 19, 21 Sup. Ct. 7, 45 L. Ed. 60. There is no penalty which inflicts the loss of right of property in trade-marks by non-usage, unless there also be found an intent to abandon" (p. 308).

In Monson & Co. v. Boehm, L. R. 26 ch. D. 398, a leading case here (See Saxlehner v. Eisner, 279 U. S. at 31) as well as in England, the court held as stated in the syllabus:

> "In order to deprive a manufacturer of his right to a trade-mark, the use of which has been practically given up for a period of five years, mere discontinuance of user for lack of demand, though coupled with non-registration and non-assertion of any right, is not enough; there must be evidence of distinct intention to abandon."

In Baglin v. Cusenier Co., *supra,* the Supreme Court said, as we have seen, that abandonment was not to be viewed as a penalty for the "creation and use of new devices."

When the defendant received the list containing these trade-marks including "BEECHNUT" in December, 1911, it filed that list with its records. There is undisputed testimony in the case that trade-mark names are valuable, have unlimited values, and so far as appears, the only tangible thing received by the defendant at the time was the list of words, including

"BEECHNUT." That list was not destroyed but was put away where it was consulted from time to time.

On three different occasions at least the defendant took from this list names for use as labels for tobacco products, to wit: "COMET," "PIONEER" and "YACHT CLUB." Reviewing the conduct of the defendant, one must conclude, it seems, that it intended to retain all of these listed names and avail itself of them from time to time as the situation of its business suggested. For three years there was no act on the part of the defendant which would tend to indicate in the slightest degree that the word "BEECHNUT" had been or was to be abandoned. When it is remembered that there were a thousand or more names on the list, the mere non-usage of one word for that period would not in itself amount to abandonment. So we find that in the fall of 1914 there had been no abandonment of "BEECHNUT" on the part of the defendant.

The other aspect of the question is whether in reviving the use of "BEECHNUT" as a label for its tobacco products, there was effected an abandonment because the defendant in 1914 changed both the old Weissinger formula and the old label in favor of a new kind of tobacco and a different label.

Change of formula has never indicated abandonment. The contrary is the ruling of the courts.

In Royal Milling Co. v. J. F. Imbs Milling Co., 44 App. D. C. 207, the Court of Appeals for the District of Columbia, says:

> "The trade-mark is not to be vitiated by change in the species of wheat used any more than it would be vitiated by an important change in the process of making flour."

In Ball and Gunning Milling Co. v. Mammoth Spring Milling Co., 48 App. D. C. 243 (1918), the Court

of Appeals for the District of Columbia, following its earlier ruling in Royal v. Imbs, *supra,* said:

> "Appellant first contends that Appellee has abandoned or forfeited its mark, because prior to 1907 it used the mark on its highest grade flour, but about that time produced and sold under another name a better grade of flour. There was no contention in the Patent Office, nor is there here, that the standard of quality of the 'Golden Gate' brand was lowered; in other words, there is no evidence that the Golden Gate brand is not as good today as it was when the mark was adopted. These facts bring the case within the ruling in Royal Milling Co. v. J. F. Imbs Milling Co. (44 App. D. C.) where a mark that had been used on flour made from soft wheat was used on flour made from hard wheat of the same grade and it was held there had been no misrepresentation."

The defendant acquiring the right to use the word "BEECHNUT" for tobacco purposes found that the particular formula of tobacco which had been sold for both smoking and chewing purposes by the predecessors who controlled the trade-mark was practically dead. The defendant, under the circumstances, certainly had the right to endeavor to revive this old tobacco, if it could, and it seems to the court that it also had the right to improve it, if it could, improve the tobacco in any way which would make it marketable. Tobacco is tobacco, but there are many, many blends, mixtures, etc. Adopting a new formula, therefore, did not, in the opinion of the court, work an abandonment. Next, as to the right of the defendant to change the label:

In the case of United Barber's Service Co. v. Canalaito, 12 T. M. Rep. 265, a case before the Commissioner of Patents for cancellation of a registered trade-

mark, "X-Ray," it appeared that the owner and registrant had proven use of the mark since 1914, while the plaintiff or petitioner proved use since 1915. The commissioner dismissed the petition, holding

> "The fact that the first labels were in manuscript and printed labels were used only from 1918, does not matter, as the use was continuous.
>
> "Nor does the fact that the printed labels used in 1918 first showed the picture of a woman, though use was claimed since 1913, . . . , as the word 'X-Ray' is the essential feature of the mark."

This decision was affirmed by the District of Columbia Court of Appeals, January, 1923. Vol. 13 T. M. Reporter, p. 137.

In Hier v. Abrahams, 82 N. Y., 519-525, the Court held:

> "But where the trade mark consists of a word it may be used by the manufacturer who has appropriated it in any style or print or form of label and its use by another in any form is unlawful. . . . The trade mark consisted in the word simply and the plaintiff might have printed it on any form of label they might fancy without losing the protection of the law."

Hopkins on Trade-Marks (3rd), p. 214, says:

> "the adoption of a new label or brand is, of course, an abandonment of all the distinctive features of the old label or brand not preserved in the new one."

In the instant case the defendant did not actually copy the plaintiff's trade-mark. We do not think it is contended that the defendant used an exact reproduction of the plaintiff's oval or colors. If it did, the question involved might be quite different. An examination of them will demonstrate that they do not resemble each other closely.

There is nothing in the record to indicate that the old Weissinger squirrel label was attractive to any purchaser either because of its color or design. Whatever sales were effected do not appear to have been effected because of the label. Although it carried the picture of a squirrel, the tobacco was always referred to, so far as we are aware, as "BEECHNUT" and not otherwise. There does not appear to be any particular reason why a squirrel should appear under the word "BEECHNUT" rather than the picture of a beechnut. The old formula was not to be dealt in any longer and it seems to us that the change in the formula justified a change in the decorative feature of the package which was to contain this new blend or mixture. So the label was modernized, made attractive. Is it not common knowledge that many old standard tobaccos are now ornamented considerably differently than they were years ago? Boxes, containers and packages for tobacco have undergone many improvements during the past twenty years. To hold that the rightful owner of an established trade name may not redecorate or reornament or, to use a somewhat inelegant phrase, polish it up, would be, in our opinion, unreasonable. So the defendant, availing itself of the right to redecorate and reornament its label, adopted as the main change, as a comparison will promptly disclose, what has been called a sunburst or radiating effect. Nothing like this sunburst or radiating effect appears on the labels of the plaintiff and the fact that the defendant adopted it demonstrates conclusively, it seems, that there was no attempt on the part of the defendant to copy or imitate the standard mark of the plaintiff. Not only was there a sunburst or radiating effect placed upon this new label, which, by the way, overshadows most of the other features of it, but instead of there being three colored photographs of a

beechnut, the defendant placed the red outline of one in an inverted position. The plaintiff argues that the two trade-marks are so similar that the public thinks that they are the same. If one should eliminate the word "BEECH-NUT" from both labels, it would be extremely difficult to locate any similarity at all between them. And each party has the right to the word "BEECH-NUT" for its distinct product. It may be that what the defendant did in changing the old Weissinger label has amounted to an abandonment of the squirrel and other decorative features of that old label which have been omitted from the revised label, but the court is unable to agree that the word "BEECH-NUT" was abandoned simply because a hyphen was utilized in addition to the adoption of different decorative features, the main feature of which is a sunburst or radiating effect unknown to any label of the plaintiff which has been called to our attention.

What we have said relative to the defendant's right to use the word "BEECH-NUT" in connection with tobacco applies also to the cigarette feature of this cause. Cigarettes contain tobacco and are smoked. The trade-mark acquired by the defendant was for smoking and chewing tobacco and, as we have already pointed out, it is our opinion that the blend or formulas could be changed and the labels could be redecorated without effecting an abandonment of the word.

There being no abandonment on the part of the defendant, the bill should be dismissed.

DECREE.

(Filed June 17, 1924.)

This cause having come on to be heard, and having been argued by counsel, and the Court being fully advised in the premises; thereupon, upon full consideration thereof,

IT IS ORDERED, adjudged and decreed, that plaintiff's bill of complaint herein be and the same is hereby dismissed without costs to either party.

CHARLES F. LYNCH,
United States District Judge.

Dated June 17, 1924.

Approved as to form.

.....
Counsel for Plaintiff.

.....
Counsel for Defendant.

UNITED STATES OF AMERICA,
DISTRICT OF NEW JERSEY, } *ss.:*

I, GEORGE T. CRANMER, Clerk of the District Court of the United States of America, for the District of New Jersey, in the Third Circuit, do hereby certify the foregoing to be a true copy of the original decree on file, and now remaining among the records of the said court, in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District, this 17th day of December, nineteen hundred and twenty-four.

(Seal)

GEORGE T. CRANMER,
Clerk, District Court, United States.
By R. S. CHEVRIER,
Deputy.

ASSIGNMENT OF ERRORS.

And now comes the plaintiff, Beech-Nut Packing Company, by its solicitors, having prayed to appeal to the United States Circuit Court of Appeals, for the Third Circuit, from the decree of the District Court of the United States for the District of New Jersey, made and entered the seventeenth (17th) day of June, 1924, and respectfully makes and files this its assignment of errors; that the said District Court of the United States for the District of New Jersey erred in the following particulars:

1. The Court erred in making and entering its decree dismissing the bill of complaint.

2. The Court erred in not finding that plainaiff's common law rights and statutory rights in its "Beech-Nut" trade-mark include the exclusive right to use said trade-mark upon and in connection with tobacco and tobacco products.

3. The Court erred in not finding that the use of the "Beech-Nut" trade-mark by defendant upon tobacco and tobacco products in and since the year 1915 infringed plaintiff's common law and statutory rights in its "Beech-Nut" trade-mark.

4. The Court erred in not finding that the use of the "Beech-Nut" trade-mark by defendant upon tobacco and tobacco products in and since the year 1915 constituted unfair competition with plaintiff's business.

5. The Court erred in not finding that defendant before using the "Beech-Nut" trade-mark upon to-

bacco or tobacco products had abandoned any rights which it might ever have possessed in the "Beechnut" trade-mark previously used by the Luhrman & Wilbern Company and its predecessor, Harry Weissinger Tobacco Company.

6. The Court erred in not finding the discontinuance of use by the Luhrman & Wilbern Company of its "Beechnut" trade-mark in the year 1910 and the nonuse at any time thereafter of said trade-mark by either said Luhrman & Wilbern Company or defendant to have constituted abandonment thereof.

7. The Court erred in not finding that the unanimous and uncontroverted testimony of the many ultimate purchasers who were examined as witnesses that they believed defendant's product bearing the "Beech-Nut" trade-mark to be plaintiff's product establishes the fact that plaintiff's right to the exclusive use of said trade-mark extends to and includes its use upon tobacco and tobacco products.

8. The Court erred in not finding the intention by defendant to abandon the Luhrman & Wilbern Company "Beechnut" trade-mark in defendant's adoption in the year 1915 of a trade-mark containing the word "Beech-Nut" with an accompanying design substantially identical with plaintiff's trade-mark and unlike the Luhrman & Wilbern Company "Beechnut" trade-mark in every particular.

9. The Court erred in not finding the intention by defendant to abandon the Luhrman & Wilbern Company "Beechnut" trade-mark in defendant's admitted knowledge that its use of the "Beech-Nut" trade-mark adopted by it in the year 1915 caused confusion in

trade and induced the purchasing public to believe that defendant's goods bearing said trade-mark were the product of plaintiff.

10. The Court erred in not finding that defendant did not acquire from the Luhrman & Wilbern Company any title or rights of any kind in the "Beechnut" trade-mark which is alleged to have been used by said Luhrman & Wilbern Company in and prior to the year 1910.

11. The Court erred in not finding that the owner of a trade-mark is without right in law to separate out a single element of his trade-mark and combine the separated element with an imitation of the trade-mark of another and thereby cause confusion in trade and induce the purchasing public to believe that his goods are the goods of such other party.

12. The Court erred in not finding that, regardless of abandonment or non-abandonment of the Luhrman & Wilbern "Beechnut" trade-mark by defendant, defendant had no right in law to so use a single element of said Luhrman & Wilbern trade-mark as to cause confusion in trade and induce the ultimate purchasers to believe that defendant's goods were the product of plaintiff.

13. The Court erred in not finding, regardless of the abandonment or non-abandonment of the Luhrman & Wilbern "Beechnut" trade-mark, that defendant had no right in law to use the single word "Beechnut," however spelled, with such accompanying decorations and accessories as to cause the ultimate purchasers to believe that the goods upon which said word was so used was the product of plaintiff.

14. The Court erred in dismissing the bill of complaint, and finding that defendant has the right to use

plaintiff's "Beech-Nut" trade-mark by reason of defendant's alleged acquisition of the Luhrman & Wilbern Company's "Beechnut" trade-mark, in the absence of any evidence whatsoever that a single purchaser of tobacco thought or believed that said trademark as used by defendant indicated that the goods so marked were the product of the successor of Luhrman & Wilbern Company, or of Luhrman & Wilbern Company, and in the absence of the evidence of any ultimate purchaser that he even remembered that any scrap tobacco or other tobacco or tobacco product had ever been made or sold by anyone under the trademark "Beechnut," spelled or printed in any manner whatsoever, prior to the adoption by defendant in the year 1915 of the "Beech-Nut" trade-mark for tobacco, and notwithstanding and in disregard of the evidence of the large number of ultimate purchasers of tobacco who testified unanimously and without exception that they believed that defendant's tobacco bearing the "Beech-Nut" trade-mark was the product of plaintiff.

15. The Court erred in not finding as a matter of law that ownership of and right to use a trade-mark can exist only in the party who is believed by purchasers to be the producer or vendor of goods bearing such trade-mark, and in not finding that such ownership cannot exist in a party whose use of such trademark causes purchasers to believe that goods so marked are the product of another.

16. The Court erred in not finding that the common law right of the owner of a trade-mark to the exclusive use thereof, and the statutory right of the owner of a registered trade-mark to the rights and privileges granted by the statutes of the United States

extend to and include the right to the exclusive use of such trade-mark upon all goods of such descriptive properties that the use of such trade-mark upon or in connection therewith will cause the purchasing public to believe that all such goods bearing such trade-mark are of the same origin, or made or sold by the same party.

17. The Court erred in not finding that defendant deliberately and fraudulently misled plaintiff to plaintiff's detriment and damage in the statement made by defendant to plaintiff in the year 1915 that defendant had used the name "Beechnut" as a brand on tobacco "continuously since prior to the year 1898," and in not finding that defendant by the employment of said fraudulent misrepresentation caused plaintiff to defer assertion of its rights to its great damage.

18. The Court erred in not finding that defendant had the right under the law to rely upon the representation made to it by defendant in the year 1915 that defendant had used the brand "Beechnut" on tobacco continuously since the year 1898; in not finding that defendant intentionally made such misrepresentation for the purpose of preventing plaintiff from asserting its legal rights; in not finding that defendant utilized plaintiff's inaction induced by said fraudulent misrepresentation for the purpose of establishing and conducting a large and profitable business in the manufacture and sale of tobacco and tobacco products which were sold with defendant's knowledge that such tobacco and tobacco products were believed by the purchasing public to be the product of plaintiff.

19. The Court erred in not granting to plaintiff the relief prayed for in the bill of complaint.

Wherefore the plaintiff prays that the said decree be reversed and that such other and further relief to the plaintiff be granted as may be just and proper

OFFIELD, MEHLHOPE, SCOTT & POOLE,
WALTER A. SCOTT,
JAMES R. OFFIELD,
H. McCLURE JOHNSON,
Solicitors for Plaintiff.

Dated, December 12, 1924.

PETITION FOR APPEAL.

The above-named plaintiff, Beech-Nut Packing Company, feeling itself aggrieved by the decree of this Court made and entered on the seventeenth day of June, 1924, in the above-entitled cause, does hereby appeal from the said decree to the United States Circuit Court of Appeals for the Third Circuit, for the reasons set forth in the assignment of errors herewith filed, and the said plaintiff prays that this, its appeal, may be allowed; and that a transcript of the record, proceedings and papers upon which the said decree was made, duly authenticated, may be sent to the United States Circuit Court of Appeals for the Third Circuit.

OFFIELD, MEHLHOPE, SCOTT & POOLE,
WALTER A. SCOTT,
JAMES R. OFFIELD,
H. McCLURE JOHNSON,
Solicitors for Plaintiff,
1737 First National Bank Building, Chicago, Illinois.

Dated, December 12, 1924.

ORDER ALLOWING APPEAL.

The above petition for appeal is allowed, and the prayer of the plaintiff herein is granted, upon the filing by petitioner of a bond in the sum of two hundred and fifty dollars ($250) with sufficient sureties to be conditioned as required by law.

(Sgd.) CHARLES F. LYNCH,
United States District Judge.

Dated, Newark, New Jersey,
December 12, 1924.

BOND ON APPEAL.

KNOW ALL MEN BY THESE PRESENTS, That we, BEECH-NUT PACKING COMPANY, as principal, and UNITED STATES FIDELITY AND GUARANTY COMPANY, as sureties, are held and firmly bound unto P. LORILLARD COMPANY, in the full and just sum of two hundred fifty dollars ($250), to be paid to the said P. LORILLARD COMPANY attorneys, executors, administrators, or assigns; to which payment, well and truly to be made, we bind ourselves, our heirs, executors and administrators, jointly and severally, firmly by these presents. Sealed with our seals and dated this twelfth day of December, in the year of our Lord one thousand nine hundred and twenty-four.

WHEREAS, lately at a session of the District Court of the United States for the District of New Jersey, in a suit pending in said court, between BEECH-NUT PACKING COMPANY, plaintiff, and P. LORILLARD COMPANY, defendant, a decree was rendered against the said BEECH-NUT PACKING COMPANY and the said BEECH-NUT PACKING COMPANY having obtained from said court an

order allowing an appeal to the United States Circuit Court of Appeals for the Third Circuit, and filed a copy thereof in the clerk's office of the said court to reverse the decree of the aforesaid suit, and a citation directed to the said P. LORILLARD COMPANY citing and admonishing it to be and appear at the United States Circuit Court of Appeals for the Third Circuit, to be holden at Philadelphia, Pennsylvania, within thirty days from the date hereof.

NOW, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That if the said BEECH-NUT PACKING COMPANY shall prosecute its said appeal to effect, and shall answer all damages and costs that may be awarded against it if it fails to make its plea good, then the above obligation be void; otherwise to remain in full force and virtue.

BEECH-NUT PACKING COMPANY,
By F. E. BARBOUR, (SEAL)
Vice-President.

Sealed and delivered in presence of:
W. C. ARPELL, (SEAL)
Secretary.
G. W. SHARPE.

UNITED STATES FIDELITY & GUARANTY COMPANY,
By JOHN B. GEYLER,
Attorney-in-Fact.

Attest:
PERCY A. S. ROGERS,
Attorney-in-Fact.

Approved by:

.....

.....

PLAINTIFF'S PRÆCIPE.

To the Clerk of the District Court of the United States, for the District of New Jersey:

You are hereby requested to prepare a transcript of the record and proceedings in the above-entitled case, to be filed in the United States Circuit Court of Appeals for the Third Circuit for use in an appeal heretofore allowed, and to include in such transcript of record the following:

Docket entries.

Printed "Plaintiff's Record," already printed and filed in your court.

Printed "Record of Defendant P. Lorillard Company" (two volumes), already printed and filed in your court.

Printed "Testimony in Behalf of Beech-Nut Packing Company" in the United States Patent Office, Trade-Mark Opposition No. 2805, P. Lorillard Company v. Beech-Nut Packing Company, already filed in your court.

Printed "Testimony on behalf of P. Lorillard Company," in the United States Patent Office, Trade-Mark Opposition No. 2805, P. Lorillard Company v. Beech-Nut Packing Company, already filed in your court.

Printed "Transcript Trial Record," already printed and filed in your court.

Opinion of the Court.

Final decree.

Petition for appeal, and order allowing appeal.

Assignment of errors.

Bond on appeal.

Citation.

This præcipe.

Clerk's certificate.

You are also requested to forward with the papers listed the original exhibits of both parties used in your court, and the original exhibits of both parties used in the United States Patent Office Trade-Mark Opposition No. 2805, entitled "P. Lorillard Company versus Beech-Nut Packing Company."

Respectfully,

(Sgd.) OFFIELD, MEHLHOPE, SCOTT & POOLE,
(Sgd.) WALTER A. SCOTT,
(Sgd.) JAMES R. OFFIELD,
(Sgd.) H. McCLURE JOHNSON,
Solicitors for Plaintiff.

Newark, New Jersey,
December 12, 1924.

Service of the above præcipe and receipt of copy thereof on this twelfth day of December, 1924, is hereby acknowledged.

(Sgd.) JOHN MILTON,
Solicitor for Defendant.

CITATION.

UNITED STATES OF AMERICA, *ss.:*

THE PRESIDENT OF THE UNITED STATES,
To P. Lorillard Company,

GREETING:

You are hereby cited and admonished to be and appear at a United States Circuit Court of Appeals, for the Third Circuit, to be holden at Philadelphia, Pennsylvania, within thirty days from the date hereof, pursuant to an appeal filed in the clerk's office of the

District Court of the United States for the District of New Jersey, wherein BEECH-NUT PACKING COMPANY is appellant and you are appellee, to show cause, if any there be, why the final decree rendered against the said Beech-Nut Packing Company as in the said appeal mentioned, should not be corrected and why speedy justice should not be done to the parties in that behalf.

WITNESS the HONORABLE CHARLES F. LYNCH, Judge of the District Court of the United States, this 12th day of December, in the year of our Lord one thousand nine hundred and twenty-four.

CHARLES F. LYNCH,
Judge.

Service hereby acknowledged this December 12, 1924.

(Sgd.) JOHN MILTON,
Attorney for P. Lorillard Company.

ORDER: CONCERNING TRANSCRIPT OF RECORD ON APPEAL.

Before the Honorable Charles F. Lynch, United States District Judge:

It appearing that the testimony in this case for both parties is of such character that it cannot be properly condensed and stated in narrative form and should be preserved for the Appeals Court in the same form in which taken and printed in this court; and it appearing that the record in this court up to and through the trial of the case herein has already been printed and filed in this court;

Now, on motion of plaintiff by its solicitor, H. McClure Johnson, and both plaintiff's and defendant's solicitors being present,

It is hereby ORDERED:

That in the transcript of record on appeal, to be certified to the United States Circuit Court of Appeals for the Third Circuit, the testimony of the witnesses of both parties, no matter how taken, whether in open court, or by deposition or stipulated, shall be reproduced in full in the form in which it was taken and printed in this court;

That the requirements of paragraph (b) of Equity Rule No. 75 in regard to the condensing and stating the evidence in narrative form shall be set aside and waived for the preparation of the transcript of record on appeal in this case;

That the printed transcript of record as already printed and filed in this court, and the printed transcript of the record printed in the United States Patent Office Trade-Mark Opposition No. 2805, P. Lorillard Company versus Beech-Nut Packing Company, made by stipulation a part of the record herein and already filed in this court, may be used as the transcript of record on appeal for everything therein contained.

That the clerk of this court shall prepare and certify the transcript of record on appeal in this case in accordance with this order; and the transcript of record on appeal so prepared and certified is hereby approved.

CHARLES F. LYNCH,
United States District Judge.

Dated: Newark, New Jersey,
December 19, 1924.

DEFENDANT'S PRÆCIPE.

(Filed December 29, 1904.)

To the Clerk of the District Court of the United States, for the District of New Jersey:

In addition to the papers, documents and records set forth in the præcipe, heretofore filed by the plaintiff in the above-entitled cause, to be included by you in the transcript of the record to be filed in the United States Circuit Court of Appeals for the Third District for use on appeal of said cause, in order that there may be no essential omission, you are hereby requested to include in said transcript the following portions of said record:

All the pleadings filed in said cause.

All orders and decrees entered and all stipulations made in said cause.

All evidence introduced in said cause, including the testimony of all witnesses, whether taken in open court or by deposition or by stipulation.

All and each of the exhibits referred to in the printed "Testimony on behalf of Beech-Nut Packing Company" in the United States Patent Office, Trade Mark Opposition No. 2805, P. Lorillard Company v. Beech-Nut Packing Company.

All and each of the exhibits referred to in the printed "Testimony on behalf of P. Lorillard Co." in the United States Patent Office, Trade Mark Opposition No. 2805, P. Lorillard Company v. Beech-Nut Packing Company.

All and each of the exhibits of each of the parties to this cause whether introduced during the trial of said cause or referred to in any of said testimony of any of said witnesses.

Respectfully,

Newark, New Jersey, JOHN MILTON,

Service of the above præcipe and receipt of copy thereof on this eighteenth day of December, 1924, is hereby acknowledged.

H. McCLURE JOHNSON,
Solicitor for Plaintiff.

AMENDMENT TO PLAINTIFF'S PRÆCIPE.

(Filed December 19, 1924.)

To the Clerk of the District Court of the United States, for the District of New Jersey:

In addition to the papers, original exhibits and other material specified in plaintiff's præcipe, dated December 12, 1924, you are hereby requested to include in the transcript of record on appeal the following:

Order: Concerning transcript of record on appeal.

This amendment to plaintiff's præcipe.

Respectfully,

OFFIELD, MEHLHOPE, SCOTT & POOLE,
WALTER A. SCOTT,
JAMES K. OFFIELD,
H. McCLURE JOHNSON,
Solicitors for Plaintiff.

Newark, New Jersey,
December 19, 1924.

Service of the above amendment to plaintiff's præcipe and receipt of copy thereof on this nineteenth day of December, 1924, is hereby acknowledged.

(Sgd.) JOHN MILTON,
Solicitor for Defendant.

CLERK'S CERTIFICATE.

I, George T. Cranmer, clerk of the District Court of the United States for the District of New Jersey, do hereby certify that the foregoing is a transcript of the record on appeal in the case of Beech-Nut Packing Company v. P. Lorillard Company, defendant.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Court, at Trenton, in said District this seventh day of January, nineteen hundred and twenty-five.

(Seal)

GEORGE T. CRANMER,
Clerk, U. S. District Court,
R. S. CHEVRIER,
Deputy.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS, FOR THE THIRD CIRCUIT.

March Term, 1925. No. 3282 (List No. 59).

Beech-Nut Packing Company,
Appellant,

v.

P. Lorillard Co.,
Appellee.

And afterwards, to wit, on the thirtieth day of April and the first day of May, 1925, come the parties aforesaid by their counsel aforesaid, and this case being called for argument sur pleadings and briefs, before the Honorable Joseph Buffington, Honorable Victor B. Woolley and Honorable J. Warren Davis, Circuit Judges, and the Court not being fully advised in the premises, takes further time for the consideration thereof,

And afterwards, to wit, on the eleventh day of September, 1925, come the parties aforesaid by their counsel aforesaid, and the Court, now being fully advised in the premises, renders the following decision:

IN THE UNITED STATES CIRCUIT COURT OF APPEALS, FOR THE THIRD CIRCUIT.

March Term, 1925. No. 3282.

Beech-Nut Packing Company,
Plaintiff-Appellant,

v.

P. Lorillard Company,
Defendant-Appellee.

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES, FOR THE DISTRICT OF NEW JERSEY.

OPINION OF THE COURT.

(Filed September 11, 1925.)

Before BUFFINGTON, WOOLLEY and DAVIS, *Circuit Judges:*

DAVIS, *Circuit Judge.*

The Beech-Nut Packing Company brought suit in the District Court against the P. Lorillard Company for alleged infringement of its trade-mark, "Beech-Nut," and for unfair competition, and prayed for profits and damages. Defendant admits the use of the trade-mark on a brand of its scrap tobacco and on a brand of cigarettes, but insists that it has the right so to use the trade-mark and that such use does not constitute infringement of the trade-mark or unfair competition.

This is an appeal from the decree of the District Court dismissing the plaintiff's bill on the ground that the defendant had not infringed the trade-mark.

The word "Beech-Nut" as a trade-mark for food products was originated by plaintiff's predecessor, the Imperial Packing Company, in or about 1891. In 1899 the Beech-Nut Packing Company, the plaintiff, was incorporated and acquired the assets, including the trade-mark, of the Imperial Packing Company. At first the word was used on ham and bacon only, but its use was gradually extended to other products, such as peanut butter, baked beans, chili sauce, catsup, jellies, mints, chewing gum, etc., until today it is used on most all leading food products. From a very small beginning in 1891, the business grew until, in 1921, its total sales amounted to more than $12,000,000.

The trade-mark is used in connection with a label which is oval-shaped with a red and white border. Within the upper part of the oval and correspondingly curved is the word "Beech-Nut," generally in large blue letters. Below this, in the center of the oval, is the picture of a beech-nut. There is also the picture of a beech-nut in the red border on each side of the oval. Within this border, at the top, in large white letters, are the words "Beech-Nut Brand," and at the bottom, is the word, "Bacon," or the name of the particular product contained in the package to which the label is attached.

The defendant and its predecessors have been in the tobacco business since 1760. In 1897, the Harry Weissinger Tobacco Company, of Louisville, Kentucky, originated a brand of scrap tobacco, called "Beechnut Chewing and Smoking Tobacco," and registered the word, "Beechnut," as its trade-mark. This brand of tobacco was sold under this trade-mark by that company and its successors until in the year 1910. The Weissinger Company, however, in 1903, sold and transferred its entire assets, including its business, good will, and the "Beechnut" trade-mark, to the Continental Tobacco Company, a corporation of

New Jersey. The Continental Tobacco Company, in that year, sold and transferred the trade-mark and other assets, to the Luhrman & Wilbern Tobacco Company, of Middletown, Ohio, for its issued share capital. The next year, the Continental Tobacco Company was merged with the American Tobacco Company. The Government began a suit in equity in 1907 under the Anti-Trust Act of July 2, 1890, against the American Tobacco Company, and its affiliated companies, as an unlawful combination, in restraint of interstate commerce in tobacco. It prevailed and in accordance with the directions of the decree dissolving the American Tobacco Company, in 1911, the defendant company was organized and to it was transferred in that year the capital stock of the Luhrman & Wilbern Company, and the trade-marks and brands belonging to it, including the "Beechnut" trade-mark. From the small beginning of Pierre Lorillard, in 1760, the business constantly grew, until, in 1919, the retail value of the defendant's output was over $80,000,000.

The demand for particular brands of tobacco seems to rise and fall in accordance with the changing tastes of consumers. The defendant company, after personal investigation, discovered, in 1914, that the sweeter brands were the more popular and that sales of brands not so sweet were decreasing. Consequently it decided that it would "get up" a new and sweeter brand which would suit the changed taste of consumers at that time. After experimenting quite a while it worked out what seemed to it to be the "ideal product to put out."

It was then confronted with the problem of selecting a suitable name and label for the new brand. It examined the list of brands it received from the American Tobacco Company. It had before selected names for brands from that list, such as "Comet," "Pioneer" and "Yacht Club." On the Luhrman & Wilbern

list there were the names of "Bagpipe," "Beechnut," "Honest Scrap," "Natural Leaf," "Old Nut," "Polar Bear" and "Scrap Iron." All of these were actively selling except "Beechnut" and this was a dormant brand, not having been sold since 1910. "Beechnut" was thereupon selected and used on this new brand of "scrap" tobacco. The word had been written without a hyphen between "Beech" and "Nut," but the defendant added one and wrote it "Beech-Nut." This change made the trade-mark identical with the plaintiff's.

For a label it selected an oval with a small deep blue border from which extended on all sides red bars or stripes called a sunburst. At the top of the label written in blue letters is the word "Lorillard's." Within the oval at the top is the trade-mark "Beech-Nut" in large blue letters. In the middle of the oval is the picture of two beechnuts, inverted, and below them the word "Chewing" and at the bottom, the word "Tobacco." Weissinger's label was rectangular. Near the center was the picture of a squirrel eating a nut. At the top, printed in large white letters, was the word "Beechnut," and below the squirrel the words "Chewing and Smoking Tobacco." The oval shape of the label which the defendant adopted "had been used on many brands of tobacco in order to give more space for the name." If a circle had been used, the defendant would have been compelled "to pinch the name of the brand down to a point where it would make it less conspicuous." The twin beechnuts, represented in the center of the oval, were actually copied from beechnuts picked up on the New Jersey farm of the president of the defendant company.

The "Beech-Nut" brand of tobacco came out early in 1915 and met with great success. The sales of this single brand, a ten-cent package, have exceeded year by year since 1916 the sales of all the combined prod-

ucts of the plaintiff. In 1919 the sales of the plaintiff's entire output amounted to $8,979,586.35, while the sales of the "Beech-Nut" scrap chewing tobacco amounted to $14,650,865.63.

It appears that some people thought that the plaintiff was putting out the "Beech-Nut" scrap tobacco and cigarettes and wrote, inquiring about it. These inquiries for a time were sent by the plaintiff to the defendant. Correspondence arose between them regarding their rights in the use of the word "Beech-Nut" as a trade-mark for their commodities. Their respective contentions resulted in this litigation.

The Act of February 20, 1905 (35 Stat. 724; Compiled Statutes Section 9490), authorizing the registration of trade-marks, provides that the owner of a trade-mark may obtain registration of it by filing in the Patent Office an application therefor addressed to the Commissioner of Patents, specifying, among other things, "the *class* of merchandise and the particular description of goods comprised in such class to which the trade-mark is appropriated." It further provides, "That trade-marks which are identical with a registered or known trade-mark owned and in use by another, and appropriated to merchandise of the same *descriptive properties* . . . shall not be registered." Merchandise of the same descriptive properties is merchandise of the same class. The implication in the statute is that a trade-mark which is identical with a registered trade-mark owned and in use by another may be registered if it is *not* appropriated to merchandise of the same class. Therefore the owner of a trade-mark does not have the exclusive right to the use of a name as a trade-mark, except in the class of merchandise to which it is appropriated in an existing business. A trade-mark is merely a protection of good will, and not the subject of property except in connection with an existing business.

Hanover Star Milling Company v. Metcalf, 240 U. S. 403, 413, 414. Judge Woolley in his comprehensive exposition of the law of trade-marks said with reference to the property right of an owner in the mark: "If property, it is property of a qualified nature, for it is settled that no absolute ownership in or exclusive right to use a name as a trade-mark is vested in anyone." Rosenberg Bros. & Co. v. John F. Elliot, Fed. . In other words, what gives the owner a property right in a trade-mark is its connection with an existing business of the *class* to which it is appropriated. "The general rule of law on this subject is that the owner must have used his trade-mark on the same *class* but not necessarily on the same species of goods as the alleged infringer in order to entitle him to its protection against infringement." Layton Pure Food Co. v. Church & Dwight Co., 182 Fed. 35, 37. In the case of Atlas Manufacturing Co. v. Street & Smith, 204 Fed. 398, the complainant registered the words "Nick Carter" as his trade-mark and in compliance with the requirement of the statute described the goods to which it was appropriated as "a weekly periodical devoted to fiction." The Court held that he might not restrain the use of the term "Nick Carter" as the name of a personage shown in moving pictures, because weekly periodicals and moving pictures do not belong to the same *class* of business. The owner of a trade-mark has the right to its exclusive use, not only on the goods which he has produced, but also on the goods of different species which he may desire in the future to produce if they belong to the same class. William Waltke & Co. v. George H. Schafer & Co., 263 Fed. 650. The reason why the same mark may be used by different persons when appropriated to different classes of goods is because the goods, being of different classes, do not come into competition with each other. Borden Ice Cream

Co. v. Borden's Condensed Milk Co., 201 Fed. 510; Atlas Manufacturing Co. v. Street & Smith, *supra;* Paul F. Beich Co. v. Kellogg Toasted Corn Flakes Co., 262 Fed. 640.

The crux, therefore, of the trade-mark branch of this case is whether or not the products of the plaintiff and defendant belong to the same class or belong to distinct and unrelated classes, not having the "same descriptive properties."

It is undisputed that the plaintiff and its predecessor in business have always dealt in food products only and that the defendant and its predecessors have always manufactured and sold tobacco and have never dealt in food products. All the witnesses at the trial in the District Court testified in the most positive terms that food and tobacco products belong to different classes. Foods and tobacco are classified as distinct and unrelated products under the Trade-Mark Act. Tobacco Products are in Class No. 17; while "Foods and Ingredients of Foods" belong to Class No. 40. The Treasury Department treats them as of different classes. It has always taxed tobacco products just as it did liquor products, but it has never taxed food products.

The Examiner of Interferences in the Patent Office found that tobacco and food do not possess the "same descriptive properties" and so belong to different classes. This view was also held by the examiner, the Acting Commissioner of Patents and the District Judge. Food promotes the growth of animal or vegetable life. There is no nutrition in tobacco. It is merely a narcotic. Foods are used by all mankind as a matter of necessity, but this is not true of tobacco. State v. Ohmer, 34 Mo. App. 115; Liggett & Myers Tobacco Co. v. Cannon, 132 Tenn. 419.

The merchandise of the plaintiff and defendant belonged, therefore, to different classes. As the owner

of a trade-mark, both on authority and reason, may not be restrained from its use on goods of one class, notwithstanding the identical trade-mark is used on goods of another class, we conclude that the defendant did not infringe plaintiff's trade-mark and so may not be restrained from using its trade-mark on tobacco products.

Although it did not infringe the trade-mark, is it guilty of unfair competition? Generically, the term "unfair competition," presupposes competition of some kind. Borden Ice Cream Company v. Borden's Condensed Milk Co., 201 Fed. 510, 514. And so courts have held that there must be a real, present or prospective competition; that is, an endeavor to get the same trade from the same people at the same time; and that endeavor must on the defendant's part be unfair. National Picture Theatres v. Foundation Film Corporation, 266 Fed. 208, 211.

There is no evidence that the defendant ever intended presently or prospectively to compete for the trade of the plaintiff. It could not have done so as long as they continued their distinct and unrelated lines of business and there is no evidence that a change was ever contemplated by either. There was, therefore, no competition between them unfair or otherwise.

We are aware, however, that equity may be invoked without market competition. Emphasis should be placed on the word "unfair" rather than "competition." If by unfair and fraudulent means, the plaintiff is injured and the public deceived, equity will enjoin whether the injury comes through competition or in some other way. Aunt Jemima Mills Co. v. Rigney, *et al.*, 247 Fed. 407; Vogue Co. v. Thompson-Hudson Co., *et al.*, 300 Fed. 509, 512. Within the principles announced in these cases, or in any other way, has the defendant injured the plaintiff in its property or reputation?

We are satisfied that it has not. It has not tried to palm off its products as those of the plaintiff. It would not have been profitable to do so. The evidence shows that no company ever combined the manufacture and sale of food and tobacco. They belong to unrelated classes and the union of the two would be incongruous and historically contrary to the experience and business judgment of those engaged in manufacturing or selling either class. In the correspondence between the parties defendant wrote plaintiff: "It could be of no conceivable advantage to us to have the public think that our tobacco product was manufactured by a packing establishment. Our concern has been in business for more than 150 years and in that length of time has built an enviable reputation for the excellence of its tobacco products." The plaintiff's evidence on this subject consisted of indefinite and unauthorized statements of unidentified persons alleged to be defendant's salesmen. The evidence shows that its goods have in no way been confused with those of the plaintiff so that when a purchaser desired a certain brand of plaintiff's goods, he in fact secured those of defendant. Defendant carefully made prominent in its label the Lorillard origin of its products. The difference between their labels is so great and distinct that any purchaser paying ordinary attention need not and should not be mistaken and certainly not deceived. In his opinion in the District Court, Judge Lynch said: "If one should eliminate the word 'Beech-Nut' from both labels, it would be extremely difficult to locate any similarity at all between them. And each party has the right to the word 'Beech-Nut' for its distinct product."

The only injury, real or fancied, which the evidence indicates the plaintiff might sustain is that some of its customers are prejudiced against the use of tobacco and made inquiry to ascertain if it had em-

barked in the tobacco business and threatened to stop dealing with it in case it had. This resulted from the similarity of trade-marks on distinct and unrelated classes of merchandise. But from confusion and injury caused by similarity of names, courts will not relieve. The defendant had the right to use its trade-mark if it did so reasonably and honestly. It is not the use, but dishonesty in the use, that is condemned and it is a question of evidence in every case whether the name or trade-mark has been used honestly or fraudulently. In other words, where persons or corporations have the right to use a name or trade-mark, Courts will not interfere where the only confusion results from a similarity of names and not from the manner of the use. "The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails." Howe Scale Co. v. Wyckoff, Seamans & Benedict, 198 U. S. 118, 140. Mr. Justice Strong, in the case of Canal Company v. Clark, 13 Wall, 311, 327, said:

> "It is only when the adoption or imitation of what is claimed to be a trademark amounts to a false representation, express or implied, designed or incidental, that there is any title to relief against it. True it may be that the use by a second producer, in describing truthfully his product, of a name or a combination of words already in use by another, may have the effect of causing the public to mistake as to the origin or ownership of the product, but if it is just as true in its application to his goods as it is to those of another who first applied it, and who therefore claims an exclusive right to use it, there is no legal or moral wrong done. Purchasers may be mistaken, but they are not deceived by false representations, and equity will not enjoin against telling the truth."

These principles founded alike on reason and authority, when applied to the facts of this case, are decisive of the issues involved. The evidence, in our opinion, conclusively shows that both parties have acted in perfect good faith. Both have used the word "Beech-Nut" on their respective, but very different labels because they thought that they had the legal right to do so. The plaintiff adopted its trade-mark without knowledge of the "Beechnut" trade-mark of the Harry Weissinger Tobacco Company. The defendant naturally adopted the "Beech-Nut" trade-mark for its products because it owned the old Harry Weissinger trade-mark and thought it was acting within its legal rights. The plaintiff is proud of its "position substantially at the top of a highly competitive industry." The defendant is one of the great tobacco companies of this country, with a Lorillard reputation stretching back into three centuries. Neither needed nor desired the reputation of the incompatible business of the other.

The evidence does not disclose anything on which infringement of the trade-mark or unfair competition can be based. This conclusion relieves us from the consideration of much that was pressed upon us at the argument.

The decree dismissing the bill is accordingly AFFIRMED.

ORDER AFFIRMING DECREE.

(Filed September 11, 1925.)

Appeal from the District Court of the United States, for the District of New Jersey.

This cause came on to be heard on the transcript of record from the District Court of the United States, for the District of New Jersey, and was argued by counsel.

On consideration whereof, it is now here ordered, adjudged, and decreed by this Court that the decree of the said District Court in this cause be, and the same is hereby affirmed, with costs.

J. WARREN DAVIS,
Circuit Judge.

Philadelphia,
September 11, 1925.

MANDATE.
(Filed October 13, 1925.)

UNITED STATES OF AMERICA, *ss.:*

THE PRESIDENT OF THE UNITED STATES OF AMERICA,

To the Honorable the Judges of the District Court of the United States for the District of New Jersey:

GREETING:

WHEREAS, lately in the District Court of the United States for the District of New Jersey, before you or some of you, in a cause between Beech-Nut Packing Company (plaintiff below), appellant, and P. Lorillard Company (defendant below), appellee, a decree was entered in the District Court on the seventeenth day of June, 1924, which decree is of record in the office of the clerk of the said District Court, to which reference is hereby made, and the same is hereby expressly made a part hereof.

as by the inspection of the transcript of the record of the said District Court, which was brought into the United States Circuit Court of Appeals for the Third Circuit by virtue of an appeal agreeably to the Act of Congress, in such case made and provided, more fully and at large appears.

AND WHEREAS, in the term of March, in the year of our Lord one thousand nine hundred and twenty-five, the said cause came on to be heard before the said United States Circuit Court of Appeals on the said transcript of record and was argued by counsel:

ON CONSIDERATION WHEREOF, it is now here ordered, adjudged and decreed by this court that the decree of the said District Court in this cause be, and the same is hereby affirmed, with costs; and that the said appellee, P. Lorillard Company, recover against the said appellant, Beech-Nut Packing Company, in the sum of twenty dollars ($20) for its costs herein expended, and have execution therefor;

Philadelphia,
September 11, 1925.

You, therefore, are hereby commanded that such execution and further proceeding be had in said cause, as according to right and justice, and the laws of the United States, ought to be had, the said appeal notwithstanding.

WITNESS, the Honorable WILLIAM HOWARD TAFT, Chief Justice of the Supreme Court of the United States, at Philadelphia, the thirteenth day of October, in the year of our Lord one thousand nine hundred and twenty-five (1925).

Costs of P. Lorrillard Company:

Clerk, . . .	$.....
Printing Record	$.....
Attorney . .	$20.00 ....
	$20.00 ....

SAUNDERS LEWIS, JR.,
Clerk of the United States Circuit Court of Appeals, Third Circuit.

CLERK'S CERTIFICATE.

UNITED STATES OF AMERICA,
EASTERN DISTRICT OF PENNSYLVANIA, } *Set.:*
THIRD JUDICIAL CIRCUIT.

I, Saunders Lewis, Jr., clerk of the United States Circuit Court of Appeals, for the Third Circuit, DO HEREBY CERTIFY the foregoing to be a true and faithful copy of the original transcript of record, Vols. I, II, III, IV, V, and proceedings in this court, in the case of: Beech-Nut Packing Company, appellant, v. P. Lorillard Company, appellee, No. 3282, on file, and now remaining among the records of the said court, in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the said court, at Philadelphia, this thirtieth day of October, in the year of our Lord one thousand nine hundred and twenty-five, and of the Independence of the United States the one hundred and fiftieth.

SAUNDERS LEWIS, Jr.,
Clerk of the United States Circuit Court of Appeals, Third Circuit.